

ACME Communications Announces Third Quarter 2011 Results

SANTA ANA, Calif., Dec. 9, 2011 -- ACME Communications, Inc. (Pink Sheets:ACME) today announced its financial results for the third quarter ended September 30, 2011.

In May of 2011, ACME completed the sale of three of its stations WBXX-TV, its station in the Knoxville, TN market, WBDT-TV, its station in the Dayton, OH market, and WCWF-TV (formerly WIWB-TV), its station in Green Bay-Appleton, WI market. Accordingly, the results of those stations are treated as discontinued operations for all periods presented. Continuing operations now consists of the Company's television duopoly in Albuquerque-Santa Fe, NM, its television station in Madison, WI and its Daily Buzz production entity in Orlando, FL.

Net revenues from continuing operations decreased 8% to \$3.5 million for the third quarter compared to net revenues of \$3.8 million in the third quarter of 2010, driven by decreased revenues at the Daily Buzz and a 9% decline in the revenues of the Company's three continuing stations. Total operating costs decreased 18% to \$3.9 million for the third quarter compared to \$4.8 million for the third quarter of 2010, primarily on lower depreciation and amortization expense and last year's third quarter loss on the sale of our tower in Madison. Station cash-based operating expenses increased 4% to \$2.1 million compared to the third quarter of 2010 principally on higher ratings service costs. Resulting continuing operations broadcast cash flow for the quarter decreased to negative \$20,000 compared to broadcast cash flow of \$375,000 for the third quarter of 2010. Adjusted EBITDA from continuing operations was negative \$327,000 compared to EBITDA of negative \$119,000 for the third quarter of 2010 on decreased broadcast cash flow.

The Company's loss before income taxes from discontinued operations for the third quarter of 2011 was \$9,000 compared to a loss before income taxes from discontinued operations of \$208,000 for the third quarter of 2010, due to the discontinuance of operating expenses at our three stations which sold in the second quarter of 2011 as mentioned above.

The Company's net loss for the third quarter of 2011 was \$432,000 compared to a \$390,000 net loss for the third quarter of 2010.

Commenting on the quarter's results, Doug Gealy, ACME's President and CEO, said, "Unfortunately, adverse market conditions in the third quarter resulted in decreased advertising demand at our stations and at the Daily Buzz. We continue to be focused on our exit strategy of liquidating our remaining assets while maximizing shareholder value in the process."

Use of Broadcast Cash Flow, Adjusted EBITDA and Same Station Results

GAAP refers to generally accepted accounting principles in the United States. Broadcast cash flow, station cash-based operating expenses and adjusted EBITDA are non-GAAP measures. Broadcast cash flow is commonly used as an indicator of operating performance for broadcasting companies and is also used to value broadcasting assets. Station cash-based operating expenses, which use program payments in place of program amortization, exclude "The Daily Buzz" production costs and exclude non-cash operating expenses like depreciation and amortization, impairment of intangibles, loss on disposal of assets, litigation reserve and equity-based compensation, are an important metric in determining our cash expense growth. Adjusted EBITDA is also used as a performance measure and often used to measure a company's ability to service debt, as evidenced by the fact that our senior credit facility historically contained financial covenants relating to our adjusted EBITDA.

Broadcast cash flow, station cash-based operating expenses and adjusted EBITDA should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. We consider operating loss to be the most comparable GAAP measure to broadcast cash flow and to adjusted EBITDA; therefore, the Company has included a reconciliation of operating loss to

broadcast cash flow and adjusted EBITDA in Supplemental Table 1. A reconciliation of operating expenses to cash-based station operating expenses is included in Supplemental Table 2. Because broadcast cash flow, cash-based station operating expenses and adjusted EBITDA are not measurements determined in accordance with GAAP and are thus susceptible to varying calculations, the broadcast cash flow, cash-based station operating expenses and adjusted EBITDA as presented may not be comparable to other similarly titled measures of other companies.

The Company expects to post its quarterly report, on its Web site at www.acmecomunications.com by Monday, December 12, 2011.

About ACME Communications, Inc.

ACME Communications, Inc. owns and operates three television stations serving: KWBQ-TV and KASY-TV, Albuquerque-Santa Fe, NM and WBUW-TV, Madison, WI. The Company also produces The Daily Buzz, a nationally syndicated morning news and lifestyle program which airs on more than 165 television stations across the country. The Company's shares are traded over-the-counter under the symbol: (Pink Sheets:ACME).

Forward-Looking Statements:

The matters discussed in this press release include forward-looking statements. In addition, when used in this press release, the words "will", "expects" and similar expressions are intended to identify forward-looking statements. Such statements are subject to a number of risks and uncertainties. Many factors could cause actual results in the future to differ materially and adversely from those described in the forward-looking statements. The Company undertakes no obligation to publicly release the result of any revisions to these forward-looking statements that may be made to reflect any future events or circumstances.

ACME Communications, Inc. and Subsidiaries

Consolidated Statements of Operations

Unaudited

(In thousands, except per share data)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2011	2010	2011	2010
Net revenues	\$ 3,451	\$ 3,755	\$ 10,676	\$ 10,604

Operating expenses:

Cost of service:

Programming, including program amortization	1,980	2,086	5,871	5,963
Other costs of service (excluding depreciation and amortization of \$231 and \$343 for the three months ended September 30, 2011 and 2010, respectively, and \$708 and \$1,080 for the nine months ended September 30, 2011 and 2010, respectively)	388	414	1,186	1,191
Selling, general and administrative expenses	1,042	780	2,982	2,950
Depreciation and amortization	230	343	708	1,085
Loss on disposal of assets	--	700	23	700
Corporate expenses	307	494	1,111	1,320
Operating expenses	3,947	4,817	11,881	13,209
Operating loss	(496)	(1,062)	(1,205)	(2,605)

Other expenses:

Interest, net	(1)	(90)	(121)	(246)
Loss from continuing operations, before income taxes	(497)	(1,152)	(1,326)	(2,851)
Income tax benefit (expense)	74	30	430	(690)
Loss from continuing operations	(423)	(1,122)	(896)	(3,541)
Discontinued operations:				
Income (loss) from discontinued operations, before income taxes	(9)	(208)	12,424	(584)
Income tax benefit (expense)	--	940	(1,191)	940
Income (loss) from discontinued operations	(9)	732	11,233	356
Net income (loss)	\$ (432)	\$ (390)	\$ 10,337	\$ (3,185)

Net income (loss) per share, basic and diluted:

Continuing operations	\$ (0.03)	\$ (0.07)	\$ (0.06)	\$ (0.22)
Discontinued operations	(0.00)	0.05	0.70	0.02
Net income (loss) per share	\$ (0.03)	\$ (0.02)	\$ 0.64	\$ (0.20)
Weighted average basic and diluted common shares outstanding	16,047	16,047	16,047	16,047

Supplemental Table 1

ACME Communications Inc. and Subsidiaries

Reconciliation of Operating Loss to Broadcast Cash Flow and Adjusted EBITDA

(Unaudited)

(In thousands)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2011	2010	2011	2010
Operating loss	\$ (496)	\$ (1,062)	\$ (1,205)	\$ (2,605)
Add (less):				

Depreciation and amortization	230	343	708	1,085
Loss on disposal of assets	--	700	23	700
Amortization of program rights	534	649	1,674	1,936
Corporate expenses	307	494	1,111	1,320
Program payments	(595)	(749)	(1,863)	(2,269)
Broadcast cash flow (1)	(20)	375	448	167
Add (less):				
Corporate expenses	(307)	(494)	(1,111)	(1,320)
Adjusted EBITDA	\$ (327)	\$ (119)	\$ (663)	\$ (1,153)
Broadcast cash flow margin (1)	-0.6%	10.0%	4.2%	1.6%
Adjusted EBITDA margin (1)	-9.5%	-3.2%	-6.2%	-10.9%

(1) We define:

* Broadcast cash flow as operating income (loss), plus depreciation and amortization, amortization of program rights, impairment of goodwill and broadcast licenses, loss (gain) on disposal of assets, and corporate expenses, less program payments (before program supplier deferrals);

* Adjusted EBITDA as broadcast cash flow less corporate expenses;

* Broadcast cash flow margin is broadcast cash flow as a percentage of net revenues; and

* Adjusted EBITDA margin is adjusted EBITDA as a percentage of net revenues.

Supplemental Table 2

ACME Communications Inc. and Subsidiaries

Reconciliation of Operating Expenses to Cash-Based Station Operating Expenses

(Unaudited)

(In thousands)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2011	2010	2011	2010
Operating expenses	\$ 3,947	\$ 4,817	\$ 11,881	\$ 13,209
Add (less):				
Program payments	595	749	1,863	2,269
Depreciation and amortization	(230)	(343)	(708)	(1,085)
Loss on disposal of assets	--	(700)	(23)	(700)
Corporate expense	(307)	(494)	(1,111)	(1,320)
Barter program costs	(316)	(332)	(959)	(952)
Program amortization	(534)	(649)	(1,674)	(1,936)
Daily Buzz production costs	(1,076)	(1,051)	(3,069)	(2,902)

Total cash-based station operating expenses	\$ 2,079	\$ 1,997	\$ 6,200	\$ 6,583
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Supplemental Table 3

ACME Communications Inc. and Subsidiaries

Reconciliation of Net Revenues to Station Net Revenues

(Unaudited)

(In thousands)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2011	2010	2011	2010
Net revenues	\$ 3,451	\$ 3,755	\$ 10,676	\$ 10,604
Less: Daily Buzz net revenues	(756)	(827)	(2,831)	(2,426)
Station net revenues	\$ 2,695	\$ 2,928	\$ 7,845	\$ 8,178

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